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**E-FILED ON JULY 20, 2006**

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13 **UNITED STATES BANKRUPTCY COURT**  
 14 **DISTRICT OF NEVADA**

15 In re:  
 16 USA COMMERCIAL MORTGAGE COMPANY,

Debtor.

Case No. BK-S-06-10725 LBR  
 Case No. BK-S-06-10726 LBR  
 Case No. BK-S-06-10727 LBR  
 Case No. BK-S-06-10728 LBR  
 Case No. BK-S-06-10729 LBR

17 In re:  
 18 USA CAPITAL REALTY ADVISORS, LLC,

Debtor.

Chapter 11

19 In re:  
 20 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,  
 Debtor.

**Jointly Administered Under**  
**Case No. BK-S-06-10725 LBR**

21 In re:  
 22 USA CAPITAL FIRST TRUST DEED FUND, LLC,  
 Debtor.

**MONTHLY OPERATING REPORT**  
**FOR MAY 2006 (AFFECTS USA**  
**CAPITAL FIRST TRUST DEED**  
**FUND, LLC)**

23 In re:  
 24 USA SECURITIES, LLC,  
 Debtor.

25 Affects:

- All Debtors
- USA Commercial Mortgage Company
- USA Capital Realty Advisors, LLC
- USA Capital Diversified Trust Deed Fund, LLC
- USA Capital First Trust Deed Fund, LLC
- USA Securities, LLC

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re: USA First Trust Deed Fund, LLC

Case No.

06-10728-LBR

**CHAPTER 11  
MONTHLY OPERATING REPORT  
(GENERAL BUSINESS CASE)**

**SUMMARY OF FINANCIAL STATUS**

**MONTH ENDED:** 05/31/06**PETITION DATE:** 04/13/06

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).  
Dollars reported in \$1

**2. Asset and Liability Structure**

- a. Current Assets
- b. Total Assets
- c. Current Liabilities
- d. Total Liabilities

	<u>End of Current Month</u>	<u>End of Prior Month</u>	As of April 13, 2006
a. Current Assets	\$2,027,257	\$1,332,686	
b. Total Assets	\$67,704,589	\$67,010,018	\$67,012,890
c. Current Liabilities	\$127,545	\$46,133	
d. Total Liabilities	\$353,327	\$271,915	\$225,782

**3. Statement of Cash Receipts & Disbursements for Month**

- a. Total Receipts
- b. Total Disbursements
- c. Excess (Deficiency) of Receipts Over Disbursements (a - b)
- d. Cash Balance Beginning of Month
- e. Cash Balance End of Month (c + d)

	<u>Current Month</u>	<u>Prior Month</u>	Cumulative (Case to Date)
a. Total Receipts	\$0	\$0	\$0
b. Total Disbursements	\$0	\$0	\$0
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$0	\$0	\$0
d. Cash Balance Beginning of Month	\$0	\$0	\$0
e. Cash Balance End of Month (c + d)	\$0	\$0	\$0

**4. Profit/(Loss) from the Statement of Operations**

- 5. Account Receivables (Pre and Post Petition)
- 6. Post-Petition Liabilities
- 7. Past Due Post-Petition Account Payables (over 30 days)

	<u>Current Month</u>	<u>Prior Month</u>	Cumulative (Case to Date)
5. Account Receivables (Pre and Post Petition)	\$613,159	\$337,410	\$950,569
6. Post-Petition Liabilities	\$127,545	\$46,133	
7. Past Due Post-Petition Account Payables (over 30 days)	\$0		

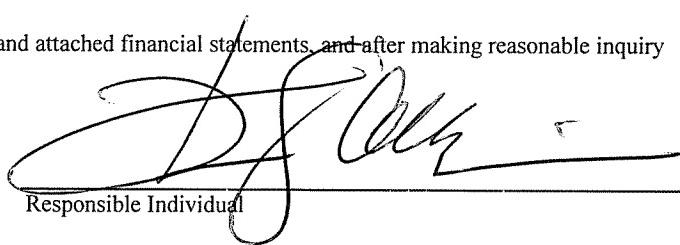
**At the end of this reporting month:**

8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)                          Yes                          No x
9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)                          Yes                          No
10. If the answer is yes to 8 or 9, were all such payments approved by the court?                          Yes                          No
11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)                          Yes                          No
12. Is the estate insured for replacement cost of assets and for general liability?                          Yes                          No
13. Are a plan and disclosure statement on file?                          Yes                          No
14. Was there any post-petition borrowing during this reporting period?                          Yes                          No

15. Check if paid: Post-petition taxes N/A; U.S. Trustee Quarterly Fees X; Check if filing is current for: Post-petition tax reporting and tax returns: N/A.

(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 7/20/06


Responsible Individual

**STATEMENT OF OPERATIONS**  
**(General Business Case)**

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only).

**BALANCE SHEET**  
**(General Business Case)**  
For the Month Ended 05/31/06

**Assets**

		<u>From Schedules</u>	<u>Market Value<sup>1</sup></u>
<b>Current Assets</b>			
1 Cash and cash equivalents - unrestricted			
2 Cash and cash equivalents - restricted			
3 Accounts receivable (net)	A		\$0
4 Inventory	B		\$0
5 Prepaid expenses			
6 Professional retainers			
7 Other: <u>Accrued Interest</u>			\$2,027,257
8			
<b>9 Total Current Assets</b>			<u>\$2,027,257</u>
<b>Property and Equipment (Market Value)</b>			
10 Real property	C		\$0
11 Machinery and equipment	D		\$0
12 Furniture and fixtures	D		\$0
13 Office equipment	D		\$0
14 Leasehold improvements	D		\$0
15 Vehicles	D		\$0
16 Other:	D		
17	D		
18	D		
19	D		
20	D		
<b>21 Total Property and Equipment</b>			<u>\$0</u>
<b>Other Assets</b>			
22 Loans to shareholders			
23 Loans to affiliates			
24 Notes Receivable (net)			\$65,677,332
25			
26			
27			
<b>28 Total Other Assets</b>			<u>\$65,677,332</u>
<b>29 Total Assets</b>			<u>\$67,704,589</u>

**NOTE:**

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

**Liabilities and Equity**  
**(General Business Case)**

**Liabilities From Schedules****Post-Petition****Current Liabilities**

30	Salaries and wages	_____
31	Payroll taxes	_____
32	Real and personal property taxes	_____
33	Income taxes	_____
34	Sales taxes	_____
35	Notes payable (short term)	_____
36	Accounts payable (trade)	A _____
37	Real property lease arrearage	_____
38	Personal property lease arrearage	_____
39	Accrued professional fees	_____
40	Current portion of long-term post-petition debt (due within 12 months)	_____
41	Other: Management Fees	\$127,545
42		_____
43		_____
44	<b>Total Current Liabilities</b>	<b>\$127,545</b>

45	<b>Long-Term Post-Petition Debt, Net of Current Portion</b>	_____
46	<b>Total Post-Petition Liabilities</b>	<b>\$127,545</b>

**Pre-Petition Liabilities (allowed amount)<sup>1</sup>**

47	Secured claims <sup>1</sup>	F	\$0
48	Priority unsecured claims <sup>1</sup>	F	\$0
49	General unsecured claims <sup>1</sup>	F	\$225,782
50	<b>Total Pre-Petition Liabilities</b>		<b>\$225,782</b>
51	<b>Total Liabilities</b>		<b>\$353,327</b>

**Equity (Deficit)**

52	Retained Earnings/(Deficit) at time of filing	_____	\$11,396,460
53	Capital Stock	_____	
54	Additional paid-in capital	_____	
55	Cumulative profit/(loss) since filing of case	_____	\$950,569
56	Post-petition contributions/(distributions) or (draws)	_____	
57	General and Limited Partners Equity	_____	\$55,004,233
58	Market value adjustment	_____	
59	<b>Total Equity (Deficit)</b>	_____	<b>\$67,351,262</b>
60	<b>Total Liabilities and Equity (Deficit)</b>	_____	<b>\$67,704,589</b>

**NOTE:**

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.

**SCHEDULES TO THE BALANCE SHEET**  
**(General Business Case)**

**Schedule A****Accounts Receivable and (Net) Payable**

<b>Receivables and Payables Agings</b>	<b>Accounts Receivable [Pre and Post Petition]</b>	<b>Accounts Payable [Post Petition]</b>	<b>Past Due Post Petition Debt</b>
0 -30 Days			
31-60 Days			
61-90 Days			
91+ Days			\$0
Total accounts receivable/payable			
Allowance for doubtful accounts			
Accounts receivable (net)	\$0	\$0	
	\$0		

**Schedule B****Inventory/Cost of Goods Sold**

<b>Types and Amount of Inventory(ies)</b>	<b>Inventory(ies) Balance at End of Month</b>	<b>Cost of Goods Sold</b>
Retail/Restaurants - Product for resale		
Distribution - Products for resale		
Manufacturer - Raw Materials		
Work-in-progress		
Finished goods		
Other - Explain		
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>

**Method of Inventory Control**

Do you have a functioning perpetual inventory system?

Yes        No       

How often do you take a complete physical inventory?

Weekly         
 Monthly         
 Quarterly         
 Semi-annually         
 Annually       

Date of last physical inventory was                         Date of next physical inventory is                         **Inventory Valuation Methods**

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost         
 LIFO cost         
 Lower of cost or market         
 Retail method         
 Other         
 Explain

**Schedule C**  
**Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
Total	\$0	\$0

**Schedule D**  
**Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0
Furniture & Fixtures -		
Total	\$0	\$0
Office Equipment -		
Total	\$0	\$0
Leasehold Improvements -		
Total	\$0	\$0
Vehicles -		
Total	\$0	\$0

**Schedule E**  
**Aging of Post-Petition Taxes**  
**(As of End of the Current Reporting Period)**

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
<b>Federal</b>					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total Federal Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>State and Local</b>					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total State &amp; Local Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Schedule F**  
**Pre-Petition Liabilities**

<u>List Total Claims For Each Classification -</u>	<u>Claimed<sup>1</sup></u>	<u>Allowed<sup>2</sup></u>
	<u>Amount</u>	<u>Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes		
Priority tax claims		
General unsecured claims	\$225,782	

- (a) List total amount of claims even if under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

**Schedule G**  
**Rental Income Information**  
**Not applicable to General Business Cases**

**Schedule H**  
**Recapitulation of Funds Held at End of Month**

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>
Bank	Bank of America			
Account Type	Analyzed Checking			
Account No.	3755532435			
Account Purpose	General			
Balance, End of Month	\$0			
Total Funds on Hand for all Accounts	\$0			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

**NOTES:**

- 1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.
- 2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS****Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 05/31/06**

		Actual Current Month	Cumulative (Case to Date)
<b>Cash Receipts</b>			
1	Rent/Leases Collected		
2	Cash Received from Sales		
3	Interest Received		
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7			
8			
9			
10			
11			
12	<b>Total Cash Receipts</b>	<b>\$0</b>	<b>\$0</b>
<b>Cash Disbursements</b>			
13	Payments for Inventory		
14	Selling		
15	Administrative		
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
19	Rent/Lease:		
20	Personal Property		
21	Real Property		
22	Amount Paid to Owner(s)/Officer(s)		
23	Salaries		
24	Draws		
25	Commissions/Royalties		
26	Expense Reimbursements		
27	Other		
28	Salaries/Commissions (less employee withholding)		
29	Management Fees		
30	Taxes:		
31	Employee Withholding		
32	Employer Payroll Taxes		
33	Real Property Taxes		
34	Other Taxes		
35	Other Cash Outflows:		
36			
37			
38	<b>Total Cash Disbursements:</b>	<b>\$0</b>	<b>\$0</b>
39	<b>Net Increase (Decrease) in Cash</b>	<b>\$0</b>	<b>\$0</b>
40	<b>Cash Balance, Beginning of Period</b>	<b>\$0</b>	<b>\$0</b>
41	<b>Cash Balance, End of Period</b>	<b>\$0</b>	<b>\$0</b>

**STATEMENT OF CASH FLOWS**  
**(Optional) Increase/(Decrease) in Cash and Cash Equivalents**  
For the Month Ended 05/31/06

		<u>Actual Current Month</u>	<u>Cumulative (Case to Date)</u>
	<b>Cash Flows From Operating Activities</b>		
1	Cash Received from Sales		
2	Rent/Leases Collected		
3	Interest Received		
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		
6	Cash Paid for Administrative Expenses		
	Cash Paid for Rents/Leases:		
7	Personal Property		
8	Real Property		
9	Cash Paid for Interest		
10	Cash Paid for Net Payroll and Benefits		
	Cash Paid to Owner(s)/Officer(s):		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax		
17	Employee Withholdings		
18	Real Property Taxes		
19	Other Taxes		
20	Cash Paid for General Expenses		
21			
22			
23			
24			
25			
26			
27	<b>Net Cash Provided (Used) by Operating Activities before Reorganization Items</b>	\$0	\$0
	<b>Cash Flows From Reorganization Items</b>		
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case		
30	U.S. Trustee Quarterly Fees		
31			
32	<b>Net Cash Provided (Used) by Reorganization Items</b>	\$0	\$0
33	<b>Net Cash Provided (Used) for Operating Activities and Reorganization Items</b>	\$0	\$0
	<b>Cash Flows From Investing Activities</b>		
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	<b>Net Cash Provided (Used) by Investing Activities</b>	\$0	\$0
	<b>Cash Flows From Financing Activities</b>		
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		
40	Capital Contributions		
41	Principal Payments		
42			
43	<b>Net Cash Provided (Used) by Financing Activities</b>	\$0	\$0
44	<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	\$0	\$0
45	<b>Cash and Cash Equivalents at Beginning of Month</b>	\$0	\$0
46	<b>Cash and Cash Equivalents at End of Month</b>	\$0	\$0